RESOLUTIONS ON MATTERS OF GENERAL PUBLIC INTEREST.

The following resolution was not moved.

MR. A. S. DAMODARAN ASAN : This Assembly recommends to the Government that the qualified employees in the P. W. D. work establishment section be taken into the permanent service of Government with the right to pension and all other privileges of Government servants.

*MR. K. KUNJUKRISHNA PILLAI (*Quilon I*) : I rise to move the following resolution for the acceptance of this House.

"This House recommends to Government that the export duty on copra and other cocoanut products be abolished".

Sir, in recommending this resolution for the acceptance of this House, I need hardly say that a similar resolution was accepted by the previous Council and no action on that has yet been taken by Government. It would have been clear to the members of this House from the answers supplied by the Excise Commissioner, when he was answering a question regarding this, that they have not raised their little finger or moved an inch after the previous Council gave its considered opinion that the export duty on the cocoanut products should be abolished.

Sir, it is not necessary for me to point out the plight in which the cocoanut producer is at the present stage. Every one in this country knows that and every one has experienced that and every one is a sufferer on that account, so that no argument in that direction for the elucidation of that is necessary. I wish to point out that eminent authorities on fiscal matters have expressed their opinions that export duties are unjustifiable, at any rate, for the purpose of giving protection to industries, and they are justifiable for purposes of revenue only under certain circumstances. Sir, the Indian Fiscal Commission went into this question in great detail and enquired into every side of this question and formulated the following principles to be adopted in the matter of levying export duties on the products of India.

(1) That export duties should only be levied on articles of which the producing country has a complete or a partial monopoly;

(2) That in any case the rates should be low ; and

(3) That an export duty should not be utilised for the purpose of protecting an industry.

Sir, I will first take up the question whether export duties levied by our Government can be justified. It is admitted by Government that export duty on the cocoanut products is levied partly for protective purposes and partly for revenue purposes.

I will first examine the question whether it can be justified on grounds of sound financial theory, or whether it is justifiable, in the circumstances of the case, as a revenue measure. Sir, the Fiscal Commission has advised the introduction of export duties for revenue purposes only if it can be positively shown or proved that the export duty fixed on an article will not fall on the producer, but will only fall on the consumer. If the export duty should fall on the consumer, our supply of the articles should be such, or their position in the world

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market should be such that the world prices will be determined by the export duty and it will be paid at the other end by the consumer. But it will be seen that Travancore is only one of the prominent producers of cocoanuts, and it has not a monopoly nor a partial monopoly of the supply of this product, and it cannot compete with the world prices.

MR. K. C. KARUNAKARAN (*Nominated*): May I know whether it has not got a monopoly on any of the cocoanut products?

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): No, it has not got a monopoly on any of the cocoanut products.

K. C. KARUNAKARAN (*Nominated*): What about the coir yarn?

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): It is a partial monopoly and there is the danger of substitutes. Even a partial monopoly will not be sufficient justification for the imposition of export duty, if it is found that other substitutes are likely to be found out and if substitutes are likely to be taken up, it is said that even on such articles duties should not be imposed without the danger of making the raw products not being wanted by the world outside. Sir, I am mainly speaking on the question of export duty on the main products. I will go to the export duty on coir yarn separately and deal with that.

Then, with regard to copra, it will be found that we are at a disadvantage. We find, as a matter of fact, that Ceylon copra is being dumped into the Indian markets which were the sole markets for India after the war, and we find a lot of difficulty, a lot of illogicality when we approach the Government of India and ask them to raise the import duties and at the same time persist in imposing the export duty. Of course, it may be said by the Government of India that we have no necessity to be protected and that it is absolutely unreasonable to impose an export duty. The only justification for Government for imposing export duty on copra is the fact that we are not able to impose import duty or get the revenue from import as we would have got, if we had not entered into the interportal convention. Under these circumstances, Government ought to have pressed on the British Government that, because we lose such a large amount in our import income, they ought to have put up the import duties. The Excise Commissioner says that he is not aware that Government has made any representation on it.

MR. K. C. KARUNAKARAN (*Nominated*): May I know from the member whether, by increasing the import duty on Ceylon copra and other products by the Government of India, that will stop the importation of Ceylon cocoanut products into this country? Under these circumstances—

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): Well, it depends upon the capacity of Ceylon to dump.

MR. C. O. MADHAVAN (*Excise Commissioner*): My answer was that Government have made a representation to the Government of India.

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MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I will be very glad to accept that, but I thought that the member was saying this morning that he is not aware. So we find that Travancore is not the sole producer of cocoanut products. Travancore is only one of the dominant producers of cocoanut products. It has not got a monopoly of the cocoanut products and it is being competed with very strongly by recent producers, who have got very great advantages. Under these circumstances, before we ask the Government of India to raise the import duty, it will be logical, it will be advisable, if we can give some sort of relief by abolishing the export duty. It can be pointed out, I know that an argument will be coming forward, that it means a loss of revenue, which every one of us is responsible to weigh and account for.

I find that under cocoanut products alone the export duty comes to Rs 97,227. Sir, it may be thought that it is a great thing to ask a Government to give up this revenue, but it is not. It would be foolish not to ask Government to give up this revenue, because otherwise the Government are likely to lose the whole of their revenue if they continue to squeeze the cultivators further. The question that has to be considered before putting this argument is whether the cocoanut producer at present can bear the export duty, whether the industry can continue or whether it will perish under the burden? That question has to be decided before this can be put up as a formidable argument. Has the Government considered this. This may be a large demand that we are asking for, but the question we have to consider is whether it is a legitimate demand, whether it is an inevitable demand? What power have we got in helping our industry? It seems to me that there is not another common industry which is so useful, which has come to stay and apart from it we cannot think of our country. There is no other industry like the cocoanut industry. If we consider the position carefully, we will find that it has come to a stage when, without substantial help being given by Government for the support of this industry, it is in imminent danger of being extinguished. On the revenue side, whatever may be the objection that is raised, I think this has to be considered and I think, seeing that there is the possibility of the incidence of taxation falling on the producer and thus curtailing production, Government will grant that it is not a justifiable impost as a revenue measure.

Now the question is easily answered as to whether it can be justified as a protective measure. I have already pointed out the general principle in regard to that. And what is the industry that we protect? It is the oil industry. In 1069 there was an export duty on oil and copra. But it was a uniform duty and not a protective duty.

There was not the idea of protection to the oil industry in our tariffs till the year 1070. From the year 1070, slowly but steadily, the idea of protecting the oil industry has come up and this oil industry has been protected all these years, and what did we find at the end of

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such a long period of protection? We find that our oil industry is unable to compete with the oil industry in Cochin, that it is in no way better than what it was and the protection seems to me to have been responsible in a way for preventing the oil millers to put forth their best effort to compete with others on a footing of equality. At this rate when will the oil industry be able to stand on its own legs? I fear it has very little chance.

DEPUTY PRESIDENT: I expect the member to curtail his speech.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I shall curtail, as much as possible, Sir. The late Dewan, Mr. M. E. watts, who was perhaps the only Dewan, in modern times, who gave a serious, anxious and intelligent attention to this type of problems, says in an article in the Asiatic Review that he thinks that, unless much more capital is invested and unless a real and wise attempt is made to improve the machinery employed in the extraction of oil, the oil industry in Travancore cannot thrive. Even with that, he feels very great doubt as to whether the oil industry could cope with the oil industries elsewhere and I do not think that our country has capitalists to compete with a mill-owner like Mr. Tata. This export duty will serve only to starve the producer of cocoanuts and will not, at any time, help to stabilise the oil industry in the State. As such, I do not find any practical benefit on account of the duty, even apart from the theoretical objection to the practice of levying export duty on local products for purposes of protection.

Sir, Mr. Karunakaran raised the question of the duty on coir yarn and the protection of the local mats and matting industry. I know that there is a great deal of controversy about that. Sir, there are about 2,00,000 coir yarn producers in this State, and on an average they pay about 20 per cent, of the export duty on cocoanut products. It is seen that the export of coir yarn has decreased considerably. The object of an export duty on coir yarn is to protect the local mats and matting industry. But, the Economic Depression Enquiry Committee have stated in their Report that the shipping agents and merchants of Alleppey have stated unequivocally that the local mats and matting industry has no serious rival at all either in the United Kingdom or in America. The industry, they say, is fast declining in those countries, so that the local mats and matting industry does not any longer stand in need of any protection. Sir, the production of coir yarn is the one cottage industry that is universally prevalent in the State. And the bulk of the producers are the poor men and women of Travancore. In the circumstances, it is absolutely unfair and unjust to give the unwanted protection to the mats and matting industry to the prejudice of the hundreds of thousands of poor men and women in Travancore. As the Report of the Economic Depression Enquiry Committee has very pertinently pointed out, there is the danger of other countries finding out suitable substitutes for our coir yarn. We have to guard against any jeopardy to the one thriving cottage industry in our country.

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[Mr. K. Kunjukrishna Pillai.]

Sir, I do not think there is any need for me to argue the matter further. I may put it in a nut-shell that this is a matter which has to be taken up immediately Unless relief is given to the cocoanut producer here and now, there is imminent danger of the industry being killed and the whole State being reduced to a state of penury. That point cannot be controverted. It is, therefore, for the Government to consider the matter seriously, to take a long vision and decide whether they are going to kill the goose that lays the golden egg.

With these words, I commend the resolution for the acceptance of the House.

MR. K. C. KARUNAKARAN (*Nominated*): May I know whether the member maintains that the present fall in the price of cocoanut products is entirely due to the export duty?

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): It is partly due to that. The abolition of the export duty is all that we ourselves can do to improve the condition. That is all that lies entirely within our power.

MR. S. J. NAIR (*Nedumangad*): Sir, I support the resolution. In doing so, I wish to draw attention to another aspect of the question to show that there is immediate necessity to abolish the export duty on cocoanut products. The export duty on cocoanut products is a sort of double taxation, because, for the land on which cocoanut is grown, the Government collect tax. Therefore, the levy of export duty on cocoanuts grown from lands on which the Government get land tax from the people is clearly a case of double taxation. And this double taxation arises in the case of products which are sought to be taken out of Travancore for sale. So far as my information goes, in Ceylon, no land tax is levied on the land on which cocoanut is grown. Here, cocoanut is grown only in registered holdings which pay tax to Government. Sir, this kind of double taxation is unsound in principle and also injurious to the people of the State as a whole. I therefore support the resolution.

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*): I rise to support the resolution moved by my honourable friend Mr. Kunjukrishna Pillai and commend the same for the acceptance of the House.

Sir, I know it will be urged by the Government that this excise duty is partly intended for fiscal purposes and partly to protect the local cocoanut oil-mill industry. I take it the Government may probably urge that, if they abolish this export duty, they stand to lose nearly nine lakhs of rupees annually. Certainly, it will be a substantial loss to them. And, they will argue that it will not bring proportionate relief to the average cocoanut producer in the State. Sir, this is a very important question; and I have bestowed considerable thought over it. I submit, Sir, that the temporary relief now suggested is almost indispensable for the Travancore cocoanut producer just at the present moment.

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This is the time for a generous gesture. Sir, this excise duty was imposed at a time when the price of copra was at its height, when one candy was selling at about Rs. 150 or 160. The price has now fallen to Rs. 27 or 28 per candy. Our Census Report tells us that the extent of land owned by an average Travancore agriculturist is less than an acre. We all know that the average annual yield from about an acre of cocoanut garden with about 60 to 65 cocoanut trees is only about Rs. 35 or 30. The average income of an agriculturist in Travancore is only about 3 chs. per diem. Therefore, Sir, even the few chackrams that he would get by the abolition of this export duty would be of substantial relief to him in these days of dire distress. This has now become the last straw on the camel's back. Any temporary relief, even of a few chackrams, is an immense relief to him in these days.

What I would suggest to Government in this matter is that they should approach the British Government and present our case as strongly as possible, so that the dumping of Ceylon copra into British India is checked as much as possible. In regard to the loss in their revenue which our Government fear on account of the proposed abolition of this excise duty, as responsible non-official members of this House, what we would suggest is that an earnest attempt should be made to persuade the Government of India to take immediate and effective steps to prevent the dumping of Ceylon copra into the British Indian markets. We would also suggest that, in the interest of Government revenue, it is up to Government to improve shipping facilities and transport facilities so that our producers can successfully do business in the Cochin market on which they have to depend for the sale of their copra and oil. Also, as they have decided in the case of rubber, Government must seriously consider the possibilities of local manufacture from cocoanut products. As I said, Sir, the Excise Commissioner will come forward and say that, by the abolition of this export duty, the average producer in the country is not likely to gain more than a few cash and that is nothing compared to the substantial loss to Government in their revenue. A single cash is worth something for the poor cocoanut cultivator of Travancore. What the Government ought to do is to improve transport and shipping facilities, so that the Travancore producer can successfully compete in the open market. Sir, more than seventy-five per cent. of our population depend upon the cocoanut cultivation, and therefore the financial stability of Government ultimately depends upon the success and prosperity of the cocoanut producer in the country. The situation is serious and it is absolutely necessary that the Government come to the rescue of the poor cocoanut grower. They must consider the problem in all its aspects and take immediate action. As the first instalment of their earnest action, I request them to abolish this export duty and relieve the producer at least to that extent.

DEPUTY PRESIDENT: The official member will now speak on the resolution.

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MR. C. O. MADHAVAN (*Excise Commissioner*) : Sir, the export duty on the products of the cocoanut palm has been agitating the minds of our people for nearly two years now. (*Louder, please.*) As Mr. Kunjukrishna Pillai pointed out, a resolution was passed in the Assembly last year, in November 1933, if I remember right, for the abolition of the duty on cocoanut products. Sir, it cannot be suggested, as some of the honourable members have been doing, that the Government have not so far raised their little finger in response to that resolution. Government are taking every action which they can properly take to alleviate the distress of the people.

MR. S. J. NAIR (*Nedumangad*) : May I ask whether it is not within the power of our Government to abolish the export duty on cocoanut products, without consulting any other Government ?

MR. C. O. MADHAVAN (*Excise Commissioner*) : Certainly we need not consult any other Government to abolish our export duty. But, we have to take into consideration our own interests before taking any such step.

DEPUTY PRESIDENT : With regard to the putting of questions, I trust honourable members will bear in mind the difficulty to which the member in possession will be put to when questions, numerous questions, are put to him from different parts of the House. I do not say it is illegal to put questions. But, seeing that we are at the fag end of the session, and seeing that we are dealing with very imporant questions, I suggest, for the consideration of the House, whether it would not be better if questions are reserved to be put towards the close of every speech.

MR. C. O. MADHAVAN (*Excise Commissioner*) : Let me first assure the House that Government are doing all that is possible in pursuance of the resolution already passed by this Assembly. The export duty on cocoanut products, Sir, has been in existence for a very long time. I have not been able to find when it was first levied. But from the papers connected with the Interportal Trade Convention, I find that the duty had been levied even before that. We may take it that, for some years prior to the date of the Interportal Convention, duty was levied on the products of the cocoanut tree, and I may also inform the House that the duty had been sometimes much higher than what it is at present. It may roughly be said that the duty was at one time 40 per cent. more than what it is at present. Still the people never felt the burden of taxation and they never raised any complaint. No motion was ever made in this Council for the abolition of the duty before. The reason for that is plain. When the products of the cocoanut tree were fetching a very good price in the market, the people did not feel the burden. They were easily paying the duty. So the Government can very well understand and appreciate the spirit underlying the resolutions tabled from time to time in this House for the abolition of the export duty. It is on account of the unprecedented

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fall in the price of the products of the cocoanut tree that this motion is coming up again and again for consideration before this House. The market value of cocoanut for instance at one time rose up to 70 and 80 rupees per thousand. It has now gone down to Rs. 20 and sometimes even below that. The tariff value which had been reduced in accordance with the fall in the market price towards the close of 1106 stands now very much higher than the market value. The tariff value of cocoanut is at present Rs. 48 per 1,000 on the other hand, the market value is only, I am roughly saying, Rs. 20. So, the tariff value as it now stands is more than double of what the producer gets in the market. That may be said of some other commodities also. That is the reason why the people feel the burden too heavily and why the motion is brought again and again before the Council. Government are not unmindful of the situation, and, since the passing of the resolution last year, the fluctuations of the market prices have been watched constantly and the attention of the Government is now seriously engaged in revising the tariff values to give relief to the producer and to bring the tariff value as far as possible near to the market value. I cannot make any pronouncement now as to how soon it will be or when the revision or change will be made. But I may assure the House that a revision of the tariff values will soon be effected giving the much-needed relief to the Travancore producer. There was an amendment tabled by Mr. Alexander.

DEPUTY PRESIDENT: You can reserve your comments on that when it comes up.

MR. C. C. MADHAVAN (*Excise Commissioner*): The Government are in full sympathy with the popular demand in that matter and the question, as I said, will soon be decided.

There are one or two other points also which this House may keep in view when considering this question. That aspect of the question has been touched upon by Mr. Kunjukrishna Pillai and Mr. Padmanabha Menon. As they pointed out, the Government get nearly Rs. 10 lakhs from this one item alone. That is a big slice in the total revenue of the State and if the House wants to take this slice away from the total revenues of the State, they will have to say how they can replace that revenue, or how they can reduce the expenditure of the State to that extent. Rightly or wrongly, the State has been depending upon this item of revenue for a very long time, and we cannot, as I said, know for how long this has been our main-stay. This House cannot lose sight of that one important point.

Mr. Kunjukrishna Pillai said that export duty should not be levied even for protecting an industry. I find that even in British India they have export duty on hides and skins, even though there is no monopoly for British India. If that is not levied as a protective measure for any industry, I fail to understand how that duty can be justified.

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MR. K. C. KARUNAKARAN (*Nominated*) ; Is it a sound economic principle to levy export duty on an article to be consumed like rice?

MR. C. O. MADHAVAN (*Excise Commissioner*) : The duty is levied on articles of provision. For export of paddy and rice from Burma, a duty is levied there.

MR. K. C KARUNAKARAN (*Nominated*) : I ask whether it is a sound economic principle to have such a duty permanently or only as a temporary expedient.

DEPUTY PRESIDENT : That question need not be answered because it is a matter of opinion.

MR. T. P. VELAYUDHAN PILLAI (*Tiruvalla III*): കൊച്ചിസംസ്ഥാനത്തിൽ നാളികേരോല്പന്നങ്ങൾക്ക് എക്സ്പോർട്ട് ഡ്യൂട്ടിഉണ്ടോ?

MR C. O. MADHAVAN (*Excise Commissioner*) : കൊച്ചിയിൽ ഇല്ല.

MR. T. P. VELAYUDHAN PILLAI (*Tiruvalla III*) : സിലോൺകൊപ്രായുടെ ഇറക്കുമതിതീരുവ വർദ്ധിപ്പിക്കണമെന്ന് തിരുവിതാംകൂർ ഗവണ്മെൻറു ബ്രിട്ടീഷ് ഗവണ്മെൻറുമായി എഴുത്തുകുത്തു നടത്തിയിട്ടുണ്ടോ?

MR. C. O. MADHAVAN (*Excise Commissioner*) : എഴുത്തുകുത്തു് നടത്തിയിട്ടുണ്ടു്.

MR. T. P. VELAYUDHAN PILLAI (*Tiruvalla III*): അതിനു മറുപടിയായി തിരുവിതാംകൂറിലേ നാളികേരോല്പന്നങ്ങളുടെ ഇറക്കുമതി തീരുവകുറക്കണമെന്ന് ഇൻസ്ട്രക്ഷൻ തന്നിട്ടുണ്ടോ?

DEPUTY PRESIDENT : I must make this plain with the permission of the House. When a few gentlemen rose to put questions, I suggested that they may wait till the member is about to close, and they took my advice. Other gentlemen are coming forward with their questions. Certainly they are entitled to do it, but I trust they will also follow my suggestion and wait till the official member reaches the end of his speech. He has to make a pronouncement on this question because it is very important. It is not my intention that Mr. Velayudhan Pillai should not put a question to the official member.

MR. T. P. VELAYUDHAN PILLAI (*Tiruvalla III*) : സിലോൺ കൊപ്രായുടെ ഇറക്കുമതി തീരുവവർദ്ധിപ്പിക്കുന്നതിനെ സംബന്ധിച്ചു തിരുവിതാംകൂർ ഗവണ്മെൻറു ബ്രിട്ടീഷ് ഗവണ്മെൻറിലേക്കു എഴുതിഅയച്ച അവസരത്തിൽ അതിന് അനുബന്ധമായി തിരുവിതാംകൂറിലെ കയറുമതി തീരുവ കുറക്കണമെന്ന് അവിടെ നിന്നും എഴുതിവന്നിട്ടുള്ളതായി അറിയാമോ?

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MR. C. O. MADHAVAN (*Excise Commissioner*) : അങ്ങിനെ ഒരു തിരുമാനിട്ടുള്ളതായി അറിഞ്ഞുകൂടാ.

Apart from the question of Mr. Velayudhan Pillai, it is a fact that there is no export duty on the products of the cocoanut tree in Cochin and British Malabar. But there is this difference to be noticed in Cochin and British Malabar. The land tax there is comparatively higher than that in Travancore. The tax on one acre of first class land is only Rs. 2-4 ch. here, while in British Malabar it is Rs. 4-8 as. Similarly, for first class cocoanut tree the tax here is only 4 chs. while in Cochin it is $3\frac{1}{2}$ annas. These also are considerations which we have to keep in view.

MR. A. S. DAMODARAN ASAN (*Mavelikara*) : Is there any tree tax in Malabar ?

MR. C. O. MADHAVAN (*Excise Commissioner*) : There the system is slightly different.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*) : What about the conditions in Ceylon ?

MR. C. O. MADHAVAN (*Excise Commissioner*) : I shall come to that

There is also another reason. More than half the cocoanut gardens in Travancore is held on favoured tenures. In regard to these lands, they have not got to pay the full assessment to Government. So, the levy of export duty on the products of the cocoanut tree is one method of taxing the produce from such lands.

Apart from the revenue purposes, duty is levied on copra, coir yarn and coir fibre as a protective measure for the oil-mill industry and for the industry connected with mats and matting. Mr. Kunjukrishna Pillai said that, if our oil-mill industry cannot get on without any protection, they may close down. Apart from the capital invested in the oil-mill industry, the oil-mills play a very important part here. But for our oil-mills the whole of our copra will have to be sent to Cochin and other foreign markets and then the prices that we would get would be regulated by the millers and merchants of Cochin. But now we have got our own mills for consuming our copra. They can help us in keeping up the prices of copra in Travancore markets. That is a very important point which we cannot overlook.

There is no good in saying that the oil-mills should get on without a protective duty.

DEPUTY PRESIDENT : You have got just two minutes more.

MR. C. O. MADHAVAN (*Excise Commissioner*) : I will finish my speech within 5 minutes.

DEPUTY PRESIDENT : I shall give you 5 minutes.

MR. C. O. MADHAVAN (*Excise Commissioner*) : There is also the fact that the oil-mills afford labour to a large number of Travancoreans. Closing the mills down means unemployment. So that also is a very important factor to be taken into consideration.

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[Mr. C. O. Madhavan.]

Further, the protection itself is not what it was at the commencement. The margin of protection stood at one time at Rs. 2-10 as. per candy of copra. Now it is only Rs 1-15-10 ps. By a further reduction of tariffs and modifications in the rates of duty we can reduce the margin of profit by slow degrees and by and by enable our mill-owners to stand on their own legs without even this protection.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): If a duty should be effective in protecting an industry, is it not necessary that that duty should be sufficiently high?

MR. C. O. MADHAVAN (*Excise Commissioner*): The rate at which we are enabling them to go on is sufficient. There is no necessity for having any higher protective duty. This duty can be reduced by degrees and ultimately done away with by the development of Alleppey harbour. Alleppey itself may become a market for the sale of oil. Till then it is only proper and fair that some protection is afforded to the oil-mill industry in which is sunk several lakhs of rupees.

MR. M. N. NAIR (*Kottayam I*): As regards the statement that other means should be found out for raising revenue, did not this House allow a new duty, as the excise duty on matches, being imposed? Does the member know how much this duty will come to?

MR. C. O. MADHAVAN (*Excise Commissioner*): It was announced in this House the other day that it may come to between 2 and 3 lakhs of rupees, and that revenue cannot replace the 10 lakhs which is involved in the export duty on the products of the cocoanut tree.

MR. M. N. NAIR (*Kottayam I*): If the market value was really half the tariff rate according to the member's statement?

DEPUTY PRESIDENT: You cannot cross-examine an official member on the facts which he asserts. If you drop the former portion of your question, I am prepared to allow you to put the question.

MR. M. N. NAIR (*Kottayam I*): What would be the amount of export duty on the products of the cocoanut tree if the tariff rate approximated the market value?

MR. C. O. MADHAVAN (*Excise Commissioner*): It may come to Rs. 5 lakhs.

I have got one word more about protection.

DEPUTY PRESIDENT: What is it that you are now doing? You have no chance. All that you can now do is to answer the question.

MR. C. O. MADHAVAN (*Excise Commissioner*): I have answered; and I have to add a word more.

DEPUTY PRESIDENT: Your time is up.

MR. C. O. MADHAVAN (*Excise Commissioner*): I want a minute

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DEPUTY PRESIDENT: You have no chance.

There is an amendment by Mr. T. K. Alexander. Are you moving it Mr. Alexander?

MR. T. K. ALEXANDER (*Kunnatnad I*): No, Sir.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): On the motion before the House, I wish to offer a few remarks.

DEPUTY PRESIDENT: Under what Section do you come?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I am an official member of the State Council and I can address the House as of right.

MR. K. R. ELENKATH (*Kalkulam I*) I should like to know whether the time will be extended.

DEPUTY PRESIDENT: We will decide that. Let us see how things go on.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, the proposal made in this motion is a very important one having regard to the finances of Government. That will be readily conceded. But I would suggest that it is still more important on the ground that the acceptance of the motion is sought to be rested on a certain definite economic principle, *viz.*, that export duty is justifiable only on certain definite grounds and that none of those grounds exist in the present case. It is a very serious matter whether we should have export duty or not; and I wish every member of this House will devote his attention to that question of principle. I am prepared to concede at this moment that the export duty is really a tax on the producer. The producer pays the first tax, *viz.*, land tax and then he is called upon to pay a second tax, *viz.*, export duty. I concede this for the purpose of my argument.

DEPUTY PRESIDENT: I am sorry I have to disturb you. I want a word of explanation. The Section reads:

> "Notwithstanding anything contained in this Regulation, an official member of either Chamber shall have the right of attending and addressing the other Chamber but shall not have the right to vote in that other Chamber"

I took a view and permitted Mr. Kayalam Paramesvaran Pillai to speak. But in the course of the speech, another point struck me, that is, whether Mr. Kayalam Paramesvaran Pillai becomes a member of the Sri Chitra State Council before he takes oath in that Council.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I became a member directly I was nominated and I am to-day an official member of the Council, even though I cannot do anything on the floor of the *Council* until I take oath there.

DEPUTY PRESIDENT: Anyhow, objection not being taken by anybody, you may proceed.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I was making the observation that the producer has to pay first

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[Mr. Kayalam Paramesvaran Pillai.]

the land tax and then the export duty. We may take the land tax to be x, and the export duty to be y. The producer therefore pays a tax of x + y. The question is whether it is justifiable or not. It has been stated by Mr. Madhavan that the land tax in Malabar and Cochin is higher than that in Travancore. We will take that to be 2x in Malabar. If they pay a land tax of 2x, we pay only 1x. While we pay a total of x + y, they pay a total 2x. Is it inherently unreasonable to think that y may be equal to x. If so, we are not doubly taxed in actual fact.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know whether the member is aware that export duty disturbs trade?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I am not saying that. I am only saying whether economically export duty is justifiable or not. If the land tax here is higher than that in Malabar or Cochin, it may be a sufficient ground that export duty should be abolished here. But that is not so. Because the value of cocoanut has gone down, every cocoanut producer stands in need of relief. I am quite at one with that. But on the question of principle of export duty in Travancore, I would request the House to consider whether it is not justifiable. If the land tax here is lower than it is elsewere, why should we not raise some revenue by putting export duty?

MR. A. THANU PILLAI (*Trivandrum—Rural*): Are we considering only Malabar and Cochin in regard to this matter? Should we not consider Ceylon also?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Yes, we are concerned only with Malabar and Cochin because just now we have to compete mainly with them. I shall come to Ceylon later.

I am saying that every country may have its own system of taxation and a country may levy land tax *and* export duty, The House should consider what the *total* taxation on the producer is. Without considering that aspect of the question, the House should not run away with the fact that economists have declared that export duty is unjustifiable on inherent grounds. The House should distinctly consider whether the total taxation on the producer is high or not. If the House considers that the total taxation is higher because of the export duty, then by all means, let them vote in favour of the motion. If the House is not possessed of facts to determine the question whether it is high or not, then do not vote in favour of the motion. I instanced the case of Malabar and Cochin where the land tax is higher. It cannot be said that export duty works hardship on the producer.

This cry for abolition of export duty arose because of the economic depression. Only 5 years back, even *with* export duty we were competing equally with Malabar and Cochin, because the total taxation was equal for Malabar and Cochin. If the House is desirous of giving relief

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on the ground of economic depression, it is all right. Do not vote on the ground that export duty is inherently objectionable. The point, therefore, that has to be really considered by the House is whether the total taxation on the producer is much higher than it is elsewhere.

With regard to the Ceylon question, I may remind the House that they are bringing an Income Tax Act by which they propose to levy income tax on agricultural products unlike in Travancore and British India. Here, there is no income tax on agricultural income. One of the grounds for putting income tax on agricultural income in Ceylon is that no land tax is levied there and therefore income from land may be subjected to the income tax. What we levy by way of land tax they are going to levy by way of income tax on agricultural income, to put it in general terms. What is the difference in substance ?

DEPUTY PRESIDENT : You have got time limit.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) : I have no time limit. It is my right to address the Chamber. The rule of time limit applies only to *members*. But, of course, I do sit down and obey the Chair most cheerfully.

DEPUTY PRESIDENT : I am glad that Mr. Paramesvaran Pilai did not want to talk afther the Chair gave the ruling. But he is of opinion that there is no limit as to time. In his case, I must say Mr. Paramesvaran Pillai addressing this House has no further right than any other member of the House. He would have been entitled to the 20 minutes if he was a member in charge of any department or any particular measure. (*Hear, hear*). So he has the time usually allotted to the members.

On that point I have looked up this once more because I do not want to reserve it for a future occasion. At page 11, Paragraph 13 of the Manual it is said,

> "Notwithstanding anything contained in this Regulation or the Rules framed thereunder, an official member of either Chamber shall have the right of attending in and addressing the other Chamber but shall not have the right of vote in that other Chamber."

So that the words *notwithstanding anything contained in these rules* means that even without taking oath of the State Council Mr. Paramesvaran Pillai is entitled to speak.

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*) : Sir, I only wish to add a few words to what the other two official members have said on this occasion. The House should not go away with the impression that the Government are not sympathetic to the views expressed in this House. The plight of the agriculturists is as much known to the Government as to the members of this House. Prices of agricultural products have slumped, I believe, by about 50 per cent or even more and the difficulties that the ryots experience are really considerable I may assure the House that the Government have been and are doing all that is possible to afford relief to the distressed ryots. On this one question *viz.*, duty on copra, I may assure the House, Sir, that this Government have addressed a long and strong letter to the

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[Rao Sahib Dr. N. Kunjan Pillai.]

Government of India pointing out the necessity of increasing the import duty on Ceylon copra. The letter was sent to the Agent to the Governor-General on the 23rd February 1934. I think we have made out as strong a case as possible for an enhancement of the duty on Ceylon copra imported into India. Government have not yet received a reply to their letter to the Government of India.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): You have requested to raise the import duty into Travancore alone?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): Not only into Travancore but into India.

Government cannot say what the result of this correspondence will be. But all that I wish to tell the House is that we are leaving no stone unturned to get that redress which our cocoanut cultivators do stand in need of. One member raised the question whether the Government of India, when requested for the enhancement of import duty on copra, will not turn round and ask us to abolish our own export duty on it. I am not saying that they have done so, but they may do so. They may say that that is what the Travancore Government should do. If the Government of India do so, we have a counter-proposition to put forward.

RAO SAHIB S. PARAMESVARA AIYAR (*Nominated*): Was there such a request about 40 years ago from the Government of India or the Madras Government and did not this Government then say that the export duty was necessary in this country in view of the Interportal Convention and the matter stop there?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): I cannot say what happened 40 years ago. If the Government of India were to ask us to abolish our export duties, we can say that we will do so provided we are allowed to impose import duties on all articles that come into Travancore. That is a very wide question and I do not want to enter into a discussion on it at present.

With regard to the export duties that we are now levying on our cocoanut products, I may point out, as Mr. Kayalam Paramesvaran Pillai has said, that the land tax in Travancore is less than that in British Malabar or Cochin. I have worked out some figures and I think the House will be glad to know what the figures are. The average tax per cocoanut tree in Travancore is Chs. 2 cash 14 including export duty. If we take the land tax alone, the average per cocoanut tree is only Ch 1 cash 5.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): Are only the bearing trees taken into account or the whole number of trees?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*) All the trees are taken into consideration. Including the export duty, the average is Chs. 3-13 per tree on trees standing on *Pandaravattom* lands and Chs. 1-15 per tree on trees standing on lands held under favourable tenures. The average is Chs. 2-14 per tree. The corresponding figure in Malabar is somewhere about As. 8 and 10 pies per

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cocoanut tree. The land tax *plus* the duty comes to only Chs. 2-14 in Travancore, whereas the land tax in Malabar is As. 3 and 10 pies. In Cochin it is about As. 2 per tree. So we see that, in spite of the export duties, we are better off than the Cochinites or the Malabarees.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Is there not the garden assessment in Malabar?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): Yes. Garden assessment is levied on lands containing 10 or more cocoanut trees per acre. There are various *tharams* and the highest *tharam* is Rs. 16 per acre.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): Can they plant other trees in this one acre?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): Yes. In the recent re-settlement there were loud complaints against the rates in Malabar.

MR. K. R. ELENKATH (*Kalkulam I*): May I know the corresponding figures about land revenue excluding trees?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): There is only the land tax there. For an acre of land which contains 10 cocoanut trees or more, they have fixed certain rates. The highest rate is Rs. 16 per acre of such land.

MR. A. THANU PILLAI (*Trivandrum—Rural*): May I know from the member whether these calculations are based on the publications of Cochin and Malabar or Travancore?

RAO SAHIB DR. N. KUNJAN PILLAI ((*Chief Secretary to Government*): These calculations are based on the figures available in the publications of Cochin and Malabar.

MR. A. THANU PILLAI (*Trivandrum—Rural*): May I know whether the member knows the number of cocoanut trees in Malabar?

RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): No, I do not know.

In Malabar, for one acre of land with 10 cocoanut trees or more one has to pay a certain assessment rate; and if it is the first *tharam*, the rate is Rs. 16.

What I wanted to make clear to the House with regard to the import duty on Ceylon copra is that this Government have taken necessary action to try and get it increased and they propose to persist in their attempt. With regard to the export duties of which much has been said, I may say that this Government cannot afford to abolish them at the present juncture. But Government feel that the cultivators do stand in need of relief. As Mr. Madhavan said, some relief has been given by the Government and probably at a very early date Government hope to make an announcement affording more relief to the cocoanut cultivators. I wanted to make this position clear and so only I thought it necessary to speak a few words on this occasion.

MR. K. R. ELENKATH (*Kalkulam I*): I have to ask a question. On an acre of land where two or three trees exist and another acre of land where 50 trees exist, does the tax bear equally?

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RAO SAHIB DR. N. KUNJAN PILLAI (*Chief Secretary to Government*): Tax is levied on land, whether it contains trees or not. Lands containing 10 cocoanut trees or more per acre are brought under garden assessment and there are various rates of such assessment.

DEPUTY PRESIDENT: Do you withdraw your motion, Mr. Kunjukrishna Pillai?

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): No, Sir, I press the motion.

MR. C. O. MADHAVAN (*Excise Commissioner*): I have to speak only a few words with regard to mats and matting.

MR. S. J. NAIR (*Vedumangad*): Sir, we do not want to hear anything about mats and matting.

DEPUTY PRESIDENT: I am very sorry that the member should do this. Now there is an officer responsible for the collection of the tax who is going to make a statement and for a member to say that he does not want to hear is not an act of courtesy either to him, the other members of the House, or to the Chair.

MR P. K. NARAYANA PILLAI (*Ambalapuzha I*): Is it not open to the member to say that the House does not want to hear anything about matches now?

DEPUTY PRESIDENT: I think it is 'mats'.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*): Then I am sorry, Sir.

MR. C. O. MADHAVAN (*Excise Commissioner*): Mats and matting industry is a very important industry in this country. If you go from Ambalapuzha to Shertala, on both sides of the roads you see a number of factories. These factories give employment to a very large number of men and women.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know the number of labourers employed there?

MR. C. O. MADHAVAN (*Excise Commissioner*): I have not ascertained the number. Actual figures are not with me now.

DEPUTY PRESIDENT: I may just mention one thing because various questions have been put to-day with no definite answers. In dealing with questions, the information probably available to the Government is not adequate. But I wish an attempt will be made later on to provide such figures to non-official members so that they may be able to catch the Government's view-point better. If Government will be able to do so, there will not be so much of questions.

MR. C. O. MADHAVAN (*Excise Commissioner*): If there is no duty on coir fibre, raw materials will be easily taken out of Travancore and coir mats and mattings will be manufactured more cheaply in England and other foreign countries. When this question was discussed in the Assembly last year, Mr. K. C. Karunakaran extracted a speech from Mr. Laban, the head of one of the greatest firms engaged in this business, Messrs. William Goodacre and Sons.

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MR. A. S. DAMODARAN ASAN (*Mavelikara*): Is it not from a newspaper report?

MR. C. O. MADHAVAN (*Excise Commissioner*): I am referring to the Assembly Proceedings.

If you try the total abolition of export duty on the raw materials, we will be doing what exactly Mr. Laban and others want. In that case we will be digging our own graves. So the House should seriously consider the question before they vote upon that. The Chief Secretary to Government has said that the matter is seriously engaging the attention of Government. The interest of the people is as dear to the Government as it is to the members of the House. Government are doing everything possible in that direction and I request the mover of the motion not to press it to a division.

The motion was put to the vote of the House and carried.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I demand a poll.

DEPUTY PRESIDENT: If you do not require a poll, we shall go to the next item in the agenda.

The House proceeded to the consideration of the next item in the agenda as the member who wanted a poll withdrew his request.

MR. K. R. ELENKATH (*Kalkulam I*) I beg to move the following resolution:—

"*The Assembly recommends to the Government that the total expenditure on establishment, salaries and allowances of Government officers shall not exceed 30 per cent. of the State revenue.*"

In moving this resolution, I bring to the notice of the House and the Government what the real demands of the people in the country are which we the representatives of the people are bound to echo. I am very sorry that I am at the fag end of the day and so I could not elaborate all the points that I would wish to deal with. If you examine the history of the finances of the country, year by year, we find that whatever be the increase of revenue, we meet with expenditure beyond bounds without assigning proper reasons for the same. In the matter of allotting salaries, allowances, etc., to Government Officers, there is no proper basis or principle kept in view. Let us look up to countries where popular Governments or responsible Governments exist and compare their income and expenditure with ours—

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): Will the member kindly name a few countries?

MR. K. R. ELENKATH (*Kalkulam I*): I shall come to that. I know that the official member will compare our position with that of Mysore and Madras, and point out that the state of affairs here is none the worse. He will not compare our position with that of Japan or France. Ten years ago when almost a similar resolution was brought before the House, the then Financial Secretary very ably pointed out that the officers in Madras and Mysore were given a much higher salary than in Travancore. No other circumstance but only the salaries of officers are then taken to consideration. We have to cut our coat according to the cloth available and not compare Madras and Mysore where conditions such as extent of jurisdiction, education of the native population, etc.

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[Mr. K. R. Elenkath.]

vary very much. Let us face the facts. There are educated people here who are fit to be in efficient service and Government need not go in for people on high salaries from outside the State. Every year we are spending nearly Rs. 5½ lakhs by way of salaries alone to those who draw above Rs. 500—I do not include those who draw only Rs. 500.

DEPUTY PRESIDENT: You will have to be brief.

MR. K. R. ELENKATH (*Kalkulam I*): Yes, Sir. If you take this figure, and consider how many are sons of the soil and compare the aggregate amount they draw with that drawn by outsiders, you will be astonished at the position in which we are. Out of 40 officers who draw Rs. 5½ lakhs, only eighteen are sons of the soil and their aggregate pay comes to a little above Rs. 1½ lakhs.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): What is the basis for that figure?

MR. K. R. ELENKATH (*Kalkulam I*): The Civil List.

I say, out of 40 Officers who draw more than Rs. 5½ lakhs in the aggregate and above Rs. 500 each, only 18 are sons of the soil and they draw only a little above Rs. 1½ lakhs in the aggregate. I have not included their allowance.

MR. A. THANU PILLAI (*Trivandrum—Rural*): Would it not be due to the fact that the sons of the soil do less efficient work?

MR. K. R. ELENKATH (*Kalkulam I*): No, Sir. Sons of the soil do more efficient work for a much less pay. That is my view.

For instance, there is the Director of Industries, a son of the soil who was offered Rs. 1,500 by a foreign State but he has preferred to serve his country for Rs. 500.

DEPUTY PRESIDENT: Please avoid personal instances.

MR. K. R. ELENKATH (*Kalkulam I*) Sir, I refer to this instance to show that the efficiency here does not suffer because that officer is serving us for a salary which is only one-third of what has been offered to him elsewhere. He is the same person with the same efficiency in him.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know whether it would not have been better in the economic interests if he has accepted that pay and utilise the money here in Travancore?

MR. K. R. ELENKATH (*Kalkulam I*): Yes, in case we had secured an equally efficient son of the soil for a smaller pay. It must be his patriotic instincts that made him accept the post here. Again Sir, in the Public Health Department we are having as a Deputy Director, a gentleman with distinguished medical experience on a salary of Rs. 250. I hear, Sir, that he is to be replaced by a more costly man. It is also to be noted, Sir, that the new officer to be put in is a much junior man to the present incumbent and even to many of those people in service. (Mr. P. K. Narayana Pillai: *Hear, hear*). He is to be imported from Madras. I hear that he is the holder of D.P. H. We have in service not only holders of D. P. H, but Dr. P. H. and other degrees besides.

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I only state this to show how our men, however efficient they may be, are given less preference to men from outside with far inferior qualifications.

MR. M. SIVATANU PILLAI (*Torala*) : What is the name of that gentleman, please ?

MR. K. R. ELENKATH (*Kalkulam I*) : I am sorry I do not propose to give the name.

If that is the sort of interest that Government has towards the people of our country, if such is the welfare they aim at, how are the interests of the poor people in the villages to be bettered ? When we ask for more ryots' roads, for bridges, for the improvement of our tanks or for the development of our industries, Government come with the lame excuse that they have no funds. Sir, it is only because they do not care for the sufferings of the people in the villages. Sir, What I want to impress on the attention of Government therefore, is that some measure should be adopted by them to curtail the expenditure towards salaries of officers. I do not say that it should have retrospective effect. The Government should come to some definite understanding and determine that they will spend only less than 1/3 or say 30 per cent. of the total revenues of the State on salaries and allowances. The percentage today stands at 40 per cent. I hope the House will consider my proposal in the proper light and see that the resolution is carried.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*) : I wish to support the motion. For the satisfaction of the Financial Secretary, I shall quote a passage from an eminent writer who is considered to be an authority on the subject. The learned author says :—

> ".....a determined attempt to cut down outgoings in the hope of balancing budgets heavily unbalanced on account of the decreased yield of taxation and the increase in the cost of maintaining the unemployed. The salaries of public employees have been reduced ; normal programmes of expansion in the services of health and education have been indefinitely postponed, and even the existing forms of provision have been pared to the bone in the attempt to save money....."

RAO SAHIB S. PARAMESVARA AIYAR (*Nominated*) : Who is that author ?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha I*) : Mr. G. D. H. Cole, Reader in Economics in the University of Oxford.

This is a publication of the previous year and I therefore think there is ample justification for the cry to apply the axe to the salaries of officers in the State.

DEPUTY PRESIDENT : It is late ; and even if we sit till 6 P. M. or later, I do not think we will be able to discuss the resolution in the manner that we ought to. Therefore the House will now stand adjourned *sine die*.

The House adjourned *sine die* at 4-53 P. M.

K. MADHAVA KURUP,
Secretary to the Sri Mulam Assembly.

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